



U.S. Department of Housing and Urban Development

Office of Public and Indian Housing

Special Attention of:

Secretary's Representatives;
State and Area Coordinators;
Directors, Offices of Public Housing;
Section 8 Financial Management
Center;
Public Housing Agencies Administering
Section 8 Programs.

Notice PIH 99-47 (HUD)

Issued: November 5, 1999

Expires: November 30, 2000

Cross References: Notice PIH 94-29 (HUD)

**Subject: Revised Consolidated Annual Contributions Contract for the
Section 8 Moderate Rehabilitation Program**

1. **Purpose:** This Notice distributes for immediate use the October 1999 revision of Form HUD-52520, the Consolidated Annual Contributions Contract (CACC) for the Section 8 Moderate Rehabilitation program.
2. **Applicability:** This Notice supersedes Notice 94-29, issued May 26, 1994 as it applied to the Moderate Rehabilitation program.
3. **Changes to the CACC:** The revised CACC, Form HUD-52520, is attached. Paragraph 1.3 of the CACC is modified. The new language allows HUD to amend the CACC to add a new funding increment or in the case of renewals to add Budget Authority to an existing funding increment by sending a prescribed form of HUD notice (also attached) to the housing authority along with revised Funding Exhibit. After the HA has once executed the new CACC, Form HUD-52520, It will no longer be necessary to prepare a CACC on Form HUD-52520 for execution by the HA to add renewal funding to existing increments.

This change will substantially reduce the Section 8 funding workload on the Section 8 Financial Management Center (FMC). It will also eliminate funding delays while waiting for HA execution of CACC amendments which add new renewal funding to Moderate Rehabilitation increments.

Paragraphs 1.8 has been deleted from the old form of CACC. This paragraph dealt with the expeditious carrying out of projects. Since no new projects are being funded for rehab, this section is no longer necessary.

4. **Implementation of the Revised CACC:** To implement the revised CACC, HUD and each housing authority participating in the Moderate Rehabilitation program must execute the revised CACC once. Upon the effective date of this Notice, the FMC will send the revised CACC to housing authorities for its timely execution. By executing the revised CACC, the housing authority agrees to the provisions of the CACC, including the revised language of paragraph 1.3. Subsequently, whenever Budget Authority for renewals is added to the CACC, HUD will send a prescribed formal notice to the housing authority advising the housing authority of the funding action and transmitting revised Funding Exhibit.

The notification letter transmitting the revised CACC and Funding Exhibit should point out that the form of the CACC has been revised to expedite future funding actions. Two copies of the CACC must be sent to the housing authority with instructions to execute and return both copies to HUD. When the executed CACCs are received back from the housing authority, they must be executed for HUD by the FMC Director. One of the executed CACCs must then be returned to the housing authority for its records, and the other must be retained in the permanent CACC contract file of the FMC.

For the first funding action for each participating housing authority after the execution of the revised CACC, the FMC must follow procedures established in this Notice for reservation and contracting of Moderate Rehabilitation renewal funds. The 10/99 version of Form HUD-52520 must then be used instead of the 11/93 version.

5. **Tracking:** The FMC must ensure that the revised CACC is executed at least once with each participating housing authority. To accomplish this, a simple tracking log should be established listing each participating housing authority, with columns to note the date HUD and each HA sign the revised CACC.
6. **Funding Procedures:** After a housing authority has executed the revised CACC, thereby agreeing to its terms, the FMC will follow the procedures below for funding future Moderate Rehabilitation renewal.
 - A. **Calculate Funding Requirements:** Follow current program instructions for calculating funding requirements.
 - B. **Verify Availability of Funds:** Funds are assigned to field offices via Form HUD-185. Fund assignments are entered into HUDCAPS and the FMC must verify the availability of funds on HUDCAPS' Assignment Spending Query Table (SASP) before attempting to reserve funds.
 - C. **Reserve Funds in HUDCAPS:** After calculating funding requirements and verifying availability of funds, the FMC must reserve the funds in HUDCAPS.
 - D. **Prepare Funding Exhibit.** After funds have been reserved, the

Funding Exhibit must be generated from HUDCAPS.

- E. **Prepare Notice to the Housing Authority:** The FMC must prepare the formal notice to the housing authority to add renewal funding to an existing increment. The prescribed form of the notice is attached. This notice is a legal document, and must be used word-for-word. With revised funding exhibit attached, it constitutes an amendment to the CACC when executed by the FMC Director. Two copies of the notice must be prepared and signed; one for the housing authority and the other for the official CACC contract file of the FMC.
 - F. **Prepare Transmittal Letter:** The FMC must prepare a transmittal letter to the housing authority. The letter must transmit the formal notice of amendment of the CACC including the revised funding exhibit. It **MUST** include a statement that the Department has obligated \$ (dollar amount) under (funding increment number) for (specify purpose).
 - G. **Prepare Congressional Notification:** Congressional Notifications are not required for renewal funding and cost amendments.
 - H. **Contract Funds in HUDCAPS:** The first time the revised CACC is used for each housing authority, funds cannot be contracted in HUDCAPS until the CACC has been executed by both the HA and HUD. For subsequent funding actions, funds may be contracted after the formal notification with revised Funding Exhibit has been sent to the HA.
7. **CACC Contract Files:** The Department's official CACC contract files are maintained by the FMC. The CACC contract file is critically important to the Moderate Rehabilitation program because it contains the Department's only official record of funding actions.
- Distribution of the revised CACC, and implementation of the procedures described above will not change the critical importance of the CACC contract file. The formal notice discussed in paragraph 6.E. above, with the attached revised funding exhibit, constitute an amendment of the CACC. A signed original of the notice to the housing authority, with attached Funding Exhibit, **MUST** be filed in the official CACC contract file, along with a copy of the transmittal letter to the HA. All CACC amendments must be retained in the CACC contract file to maintain a complete historical record of all contracting actions. CACC contract files are permanent files and may never be destroyed, purged, or retired to a Federal Records Center.
8. **CACC Forms:** The FMC must use the CACC form and amendment notice approved by Headquarters and issued by this Notice, and may not make any alterations or additions to the approved CACC form nor use any abbreviated, short-form, or "letter" amendments to the CACC.

9. **HA Formalities:** In the past, some field offices required HAs to submit formal evidence that the HA Board authorized execution of the CACC. HAs are not required to submit any such evidence. It is the responsibility of the HA, with its Counsel, to determine that CACC execution is properly authorized and complies with any applicable state and local laws. HUD will generally rely on the executed CACC as returned by the HA.
11. **Contacts:** This Notice was prepared by the Section 8 Finance Division. If you or your staff have questions, please contact Deborah Hernandez, Section 8 Finance Division Director, on (202) 708-2934 x 4086.

/s/_____
Harold Lucas
Assistant Secretary for
Public and Indian Housing

Attachment 1 Form HUD-52520

Attachment 2 Form HUD-52520A